



FLANDERS-CHINA CHAMBER OF COMMERCE  
VLAAMS-CHINESE KAMER VAN KOOPHANDEL

# NEWSLETTER | 5 OCTOBER 2015

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## ADVERTISEMENT AND SPONSORSHIP

### Interested to promote your services/products to potential Chinese or Belgian clients?

We would like to offer our members the opportunity to promote your services/ products to potential Chinese and/or Belgian clients. We can promote these in many different ways via advertisement on our website, newsletters and events.

Below you can find the different possibilities:

- [FCCC Weekly](#): This newsletter is published in English and contains economic & trade information on China, a calendar with China-events and career opportunities. It is sent every Monday to 2.700 Belgian business leaders doing business with China and to relevant institutions, embassies, federal and regional authorities as well as the Belgian and Chinese press. It is also sent to Chinese officials and companies based in Belgium.
- [News from Flanders: Europe’s Smart Hub](#): This is a quarterly newsletter published in Chinese and English. It contains articles on Flanders' business news, education and tourism. It is sent to over 2.000 Chinese and Belgian companies, Chinese national and local authorities, Chinese companies based in Belgium, Chinese press in Belgium. It is also sent to all FCCC member companies and Belgian and regional institutions.
- [FCCC website](#) contains publications, newsletters, activities, and a broad range of interviews with Chinese and Flemish companies sharing their experiences.
- FCCC Events. The FCCC regularly organizes seminars and other high level events. If you are interested, please send an email to [info@flanders-china.be](mailto:info@flanders-china.be).

If you’d like to advertise on our website, newsletters and events, please check out our [New advertisement and sponsorship opportunities](#).

If you are interested in advertising or sponsoring or need more information, please send an e-mail to: [gwen.sonck@flanders-china.be](mailto:gwen.sonck@flanders-china.be)

The Flanders-China Chamber of Commerce offers several advertising and sponsorship opportunities in order to give your activities more exposure to potential new clients and collaboration.

## FCCC ACTIVITIES

### E-commerce in China: How to succeed in the Chinese market – 19 October – 10 am – Brussels

The Flanders-China Chamber of Commerce, The EU SME Centre in Beijing and the EU-China Business Association are organizing a training course focused on ‘E-Commerce in China: how to succeed in the fast-changing Chinese market?’.

This event will take place on Monday 19 October 2015 at 10h00 (registration at 09h30) at EUROCHAMBRES, Av. des Arts 19 A/D, B-1000 Brussels.

China has become the world’s largest e-commerce market. By 2020, the number of Chinese internet users is expected to reach 80% of the total population, and 70% will shop online. This one day course will provide you with expert insights and hands-on experience in doing online business in China, which you will be able to apply in your real-world projects.

## 1. Course outline

- Understand e-commerce in China – how it works compared to Europe;
- Explore the best e-commerce options in China for your company and goods;
- Open an online store in China - step-by-step guidance;
- Get your goods to the right Chinese customers – logistics and product compliance;
- Intellectual Property Rights – what you should be aware of;
- Collecting payments;
- Digital marketing for your e-commerce business;
- Building your overall e-commerce strategy;
- Case studies & best practices.

## 2. Who should attend?

The training course is suitable for anyone who is involved in online business. Whether you are a business owner, marketing or BD director or e-commerce manager and specialist, you will get from this course a solid foundation for successfully planning and managing online selling in China for your products.

## 3. Registration

To sign up for this training, please click on the following link: <http://www.flanders-china.be/en/events/upcoming/e-commerce-in-china-how-to-succeed-in-the-chinese-market-19-october-10-am-brussels/subscribe>

## 4. About your trainer: Mr Dimitry van Toorn

Dimitry van Toorn is EU SME Centre expert who specialises in e-commerce strategy for European SME's interested in expanding in China. He started his career at Mattel Inc., worked for nearly two decades respectively in Shanghai and Hong Kong at a major product Sourcing and Sourcing Agency and joined Intertek plc (Hong Kong) in 2005. The latter is a leading Testing, Inspection and Certification (TIC) company, where Mr Van Toorn developed the Global Supply Chain business stream. Dimitry initiated and founded the company trade FWD with its proprietary B2B Cross-Border Payment Solutions, B2B Financing Options, and ESCROW services business model, before embarking a new area with founding VAN TOORN & ASSOCIATES including the 'Enter CHINA' initiative.

VAN TOORN & ASSOCIATES Limited is specialized in supporting international SME's establishing business entities in the Far East (emerging) markets through seminars and trainings on B2C e-commerce business in Greater China, Vietnam, and Indonesia. The key topics cover supply chain / fulfillment, (digital) payments, market quality / regulatory requirements, social media marketing, and intellectual property rights.

## 5. About the EU SME Centre

The EU SME Centre is a European Union funded initiative preparing SME's to do business in China. Located in Beijing, the Centre provides practical information, confidential advice, and training in the areas of business development, legal issues, standards and HR to facilitate market access for European SMEs. The Centre also acts as a platform to facilitate coordination amongst Member State and European public and private sector service providers to SME's.

## 6. Fee & course package:

Fee: € 280(Excl. VAT)/person, includes full-day training, course material, lunch, and:

### **A prior technical consultation - An In house expert will help you determine:**

- Whether your product or services are suitable for online business in China;
- What you stand to gain by entering the Chinese market;
- What risks you are likely to face when entering the Chinese market.

**The EU SME Centre Gift Pack:**

- Is China on your radar?
- Ways to enter the Chinese market.
- Exporting goods, services and technology
- Knowing your partners in China.

**Tailor made follow-up services:**

- Free access to the update of relevant EU SME Centre publications
- Tailored made assistance to your follow-up enquiries (free of charge for non-technical enquiries)

**7. Cancellation policy:**

If you cannot attend an event for which you have registered, please cancel your registration no later than 3 working days prior to the event by sending an e-mail to [info@flanders-china.be](mailto:info@flanders-china.be). If we receive no cancellation within that date, all costs will be charged.

**Seminar: “An overview of the new legal environment for foreign companies in China” – 23 October 2015, 12-14 h. – Ghent**

The legal environment for foreign companies in China has been undergoing some important changes in recent years. Most of these evolutions are directly linked to the implementation of China's economic reform plan and of the rule of law, which is being promoted as an essential element thereof.

The Flanders-China Chamber of Commerce (FCCC) is organizing a seminar where will be discussed how these reforms affect daily operations of foreign companies in China.

The seminar will be presented by Mr Philippe Snel, who has been practicing as a foreign lawyer based in Shanghai for the past 10 years, advising foreign companies about the intricacies of Chinese law. He will share some of his insights with regard to the reform and the practical consequences it has on foreign businesses in China.

His presentation will deal with such issues as: legal compliance and risk management, the growing importance of labor laws, the increased tax scrutiny on foreign companies, the implementation of strict regulatory frameworks for several industries (e.g. food, advertising), the influence of environmental protection laws and the promises of the China (Shanghai) Pilot Free Trade Zone.

The lunch-seminar will take place on Friday 23 October 2015 at 12 h in Ghent.

Participation fee: €75 (excl. 21 % VAT) for members and €95 (excl. 21% VAT) for non-members.

If you are interested in attending this seminar, please register online before 19 October 2015 via the [this link](#).

**10<sup>th</sup> EU-China Business & Technology Cooperation Fair – 4-6 November 2015 – Qingdao and 9-11 November 2015 – Chengdu**

The EU-China Business & Technology Cooperation Fair has been held for nine consecutive editions attracting 4,400 Chinese companies and 12,400 European companies in total. The Fair provides a dominant cooperation platform in China for investment, trade and technology between the EU and China. 22,291 bilateral meetings between companies took place at the matchmaking event. Around 1/3 of the participants already informed about their successful match. The Fair is organized by the EU Project Innovation Centre and supported by the European Commission, the EU-China Business Association and several other EU institutions.

The 10<sup>th</sup> EU-China Business & Technology Cooperation Fair will be held from 4-6 November 2015 in **Qingdao**.

Qingdao, the most important transport hub and trading port in the North coastal region of China, is located at the intersection of land and maritime Silk Roads. With its well-established industries and rich resources, Qingdao is playing a leading role in developing the blue economy. As one of the first Chinese cities to open to the world, Qingdao is willing to work with other ocean-driven EU countries to forge partnerships in developing ocean economies, exploiting the resources, and promoting maritime research and innovation. Topics at the Fair will be:

**Maritime Industry:**

- Aquaculture & Fishery
- Shipbuilding, Mechanical Engineering & Precision Instrument
- Port Industry
- Shipping & Logistics
- Offshore Renewable Energy, New Materials & Environment
- Ocean Aviation
- Tourism

**Other Industries:**

- Bio-pharmacy & Bio-technology
- Modern Agriculture & Foodstuff
- ICT Industry & Services
- Universities, Innovative Clusters & Scientific Research Institutes

A cooperation forum will be held, as well as seminars on:

- Maritime research and industry cooperation
- High-end machinery industry cooperation
- New energy and environmental protection

B2B and cluster-to-cluster matchmaking session will also be organized.

More information is available at [www.eu-china.org.cn](http://www.eu-china.org.cn) The website for Qingdao's matchmaking is: <https://www.b2match.eu/tenth-eu-china-cooperation-fair-qingdao>

The **Chengdu** event of the of 10<sup>th</sup> EU-China Business & Technology Cooperation Fair will be held from 9-11 November 2015 in Chengdu.

## **ACTIVITIES SUPPORTED BY FCCC**

### **The EU SME Pavilion at World of Food Beijing 2015 – November 18-20, 2015 – China National Convention Center, Beijing, China**

China's demand for imported food and beverage products has been growing rapidly throughout the past few years, presenting unique opportunities for European SMEs in particular. To help more SMEs get to know the market, the EU SME Centre will set up an EU SME Pavilion at this year's World of Food Beijing, the largest international food & beverage trade fair in Northern China. SMEs can enjoy a preferential rate for the booth and benefit from exclusive premium services. The package will include:

- A booth with a preferential rate (282 €/sqm) within the EU SME Pavilion to give your brand maximum visibility, decoration included.
- Pre-Fair Services: A series of webinar trainings to get you ready for your visit to China and meeting with Chinese companies.

**On-Site Services:**

- Business-to-business tour connecting you with the largest Chinese grocers, retailers, distributors and e-commerce platforms
- A series of seminars covering intellectual property protection in China and essential legal topics
- After Fair Services: Follow-up support from the EU SME Centre experts

If you are interested in joining the Pavilion and learning more about the package, click the link to register your interest: [Register interest](#)

About World of Food Beijing 2015: World of Food Beijing is an annual food & beverage trade fair powered by Anuga. Occupying a total area of 35,000 sq m, comprising 25,000 sq m of showcase area with more than 600 exhibitors, and 10,000 sq m of conference and activity

zone, this event is poised to showcase a wide array of foodstuff such as fine foods and imported foods, dairy products, bread and bakery, meat and seafood products, frozen foods, sweets and snack foods, coffee and tea. More than 45% of the exhibitors will hail from abroad and over 24,000 trade visitors are to be expected. To learn more about the event, [click here>](#)

### Group business trip: China – Hong Kong – 28 November – 5 December

Flanders Investment and Trade (FIT) is organizing a group business trip to Hong Kong, Guangzhou and the Pearl River Delta (PRD) from November 28 till December 5. The PRD is a fast-growing, strong economic region, offering numerous opportunities for foreign companies. FIT is helping Flemish entrepreneurs to prepare to enter the Chinese market. FIT is also arranging a tailor-made program of appointments with potential business partners. The PRD is now surpassing Tokyo as the most urbanized area in the world. Its expansion is continuing, also in the economic field. The PRD accounts for about 20% of China's GDP, 40% of China's trade, and it is the richest region in China with the highest purchasing power. The population of the PRD in mainland China reaches 42 million. When taking Hong Kong into account, the figures are even more impressive.

For more information, contact: Michèle Surinx at [michele.surinx@fitagency.be](mailto:michele.surinx@fitagency.be) ; tel. 02-5048791 or Kristof Kuvelier at [kristof.kuvelier@fitagency.be](mailto:kristof.kuvelier@fitagency.be) , tel. 02-5048742.

## PAST EVENTS

### Seminar: Belgian Customs and its activities in China – 1 October 2015 – Ghent

The Flanders-China Chamber of Commerce and the Province of East Flanders organized a seminar focused on 'Belgian Customs and its activities in China' on 1 October 2015 in Gent. Following a word of welcome by Mr Geert Versnick, Vice Governor in charge of European and International cooperation and economic affairs; and an introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce; Mr Eddy De Cuyper, Counsellor, Customs Attaché, Embassy of Belgium in China, gave a presentation on the Belgian Customs in China: legal aspects, procedures and experiences in relation to the Chinese customs.

The event was concluded by a question and answer session and a networking drink.

### Meeting with Chinese delegations – 21 September 2015

#### Meeting with Liaoning Governor – 21 September

On Monday 21 September, the Governor of Liaoning Province, Mr Chen Qiufa, and his delegation, comprised of representatives of the Liaoning government visited Flanders. They had a meeting with the Government of the Province of East Flanders, Governor of the Province of East Flanders, Mr Jan Briers and Mr Geert Versnick, Vice Governor of the Province of East Flanders in charge of European and International Cooperation and International Affairs. The Flanders-China Chamber of Commerce (FCCC) was represented by Ms Gwenn Sonck, Executive Director.

Both sides introduced the strengths of each others provinces and discussed cooperation possibilities. The delegation also visited Bekaert, where the delegation was joined by the Vice Mayor of Shenyang, Mr Yang Yazhou. Bekaert and Recticel have important investments in Shenyang.

#### Meeting with Tianjin delegation – 21 September

On Monday 21 September, a delegation of entrepreneurs, led by the Director of the Tianjin Office of the Langfang Municipal People's Government and the Secretary-General of the Tianjin-Hebei Chamber Of Commerce, was received by the Province of East Flanders, Mrs Astrid Vliebergh, Director and Gwenn Sonck, FCCC. The delegation introduced their companies' activities. Interested companies can obtain further information by sending an e-mail to: [info@flanders-china.be](mailto:info@flanders-china.be).

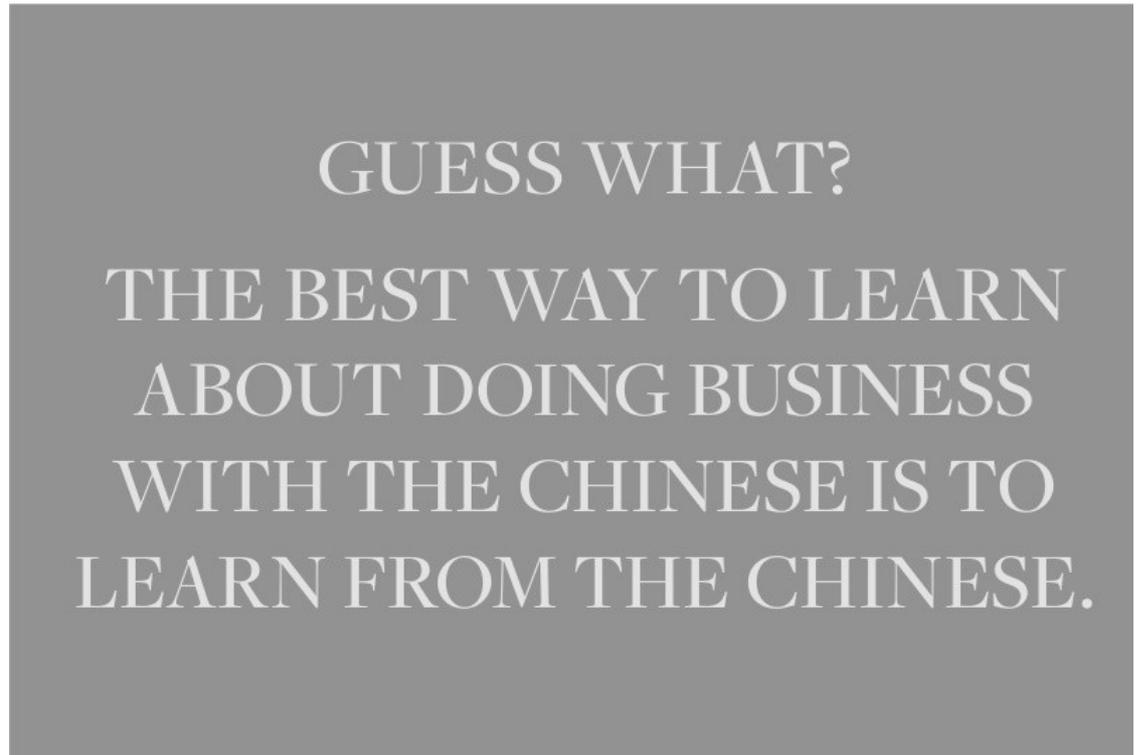
## Seminar: “Growing a Business in China: Success Stories” – 16 September 2015 – Ghent

The Flanders-China Chamber of Commerce (FCCC) organized a seminar: “Growing a Business in China: Success Stories”. This event took place on 16 September 2015 at the Club of Flanders in Gent.

The goal of the event was to share, discuss and exchange knowledge and experiences between companies doing business with or investing in China. Following the introduction by Mrs Gwenn Sonck, Executive Director, Flanders-China Chamber of Commerce, case studies of doing business and investing in China were presented by Mr Hans Deprettere, Sales Export Manager Asia, Orfit Industries and Mr Adam Sneep, Chief Executive Officer, Adifo. The event was concluded by an exchange of views and a networking drink.

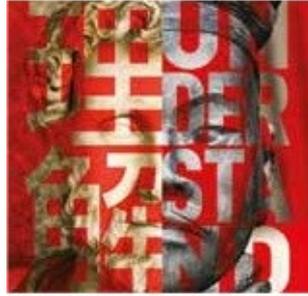
### ADVERTISEMENT

#### An Executive MBA by IMD & CKGSB



All over the world, people are beginning to do business with China. All over China, people have been doing it for centuries. So, who better to help prepare you for China's increasing influence on the global marketplace? While the Chinese economy continues to grow, gaining expert knowledge from the other side of the business fence can give you an unquestionable advantage in leading the way between China and the world.

CKGSB: Cheung Kong Graduate School of Business and IMD business school can help you develop your understanding of China with a fully global perspective. CKGSB is recognized as China's world-class business school with an alumni base that accounts for 13.7% of China's GDP. Our world-class faculty represents many of the best minds from the U.S. and Europe's top business schools. IMD is a top-ranked business school. 100% focused on executive education, IMD offers Swiss excellence with a global perspective. Together these two leading business schools have devised the Executive MBA program.



The Executive MBA by IMD & CKGSB is designed in two stages – the foundation stage and the mastery stage. The program will allow you to master Eastern and Western business concepts and practices whilst gaining all-important international connections. The program will also strengthen leadership, strategy and general management skills.

Made up of equal numbers of participants from both Eastern and Western businesses, the program will include 11 weeks of face-to-face learning. The program is scheduled to take place from February 2015 until September 2016 with a unique split of 50/50 program delivery across Eastern and Western locations. Delivered by two world-class business schools, the IMD-CKGSB Executive MBA is the ideal answer for fast-rising executives who want to create value for their organizations by spanning both East and West. You'll go beyond the basics to a true understanding of the forces that will be shaping the world of business in the future.

For admission details or further information visit [imd.ckgsb.info](http://imd.ckgsb.info)

## Hainan Airlines, your direct link from Belgium to China



Hainan Airlines, your direct link from Belgium to China.

Hainan Airlines is your 5 Star Airline awarded by Skytrax, operating direct flights from Brussels to Beijing. Save time, fly in comfort and have the possibility to connect to 50 domestic destinations including Hong Kong and Taipei. A seamless connection and a convenient transfer service will bring you

via Beijing to your destination in Hong Kong.

## **AUTOMOTIVE**

### **Volvo chooses Shanghai's Jiading for Asia-Pacific HQ**

The launch of the Volvo Car China R&D Center in Shanghai's Jiading district on September 9 also marked the establishment of its Asia-Pacific headquarters. The center will help maintain Volvo's strength in energy saving and safety while further improving its core competitiveness in its product line, according to the company. It will also support Jiading's industrial transformation and boost the regional economy. In return, the district will strive to provide a better environment for the company to grow and expand, Jiading government officials said. Volvo said its research and development (R&D) centers in Sweden and China will share resources. Established in 2011 in Jiading, Volvo Group China has recruited an international R&D team of more than 500 experts. With an investment of CNY1.7 billion, the new Volvo regional headquarters will cover an area of 20 hectares and include an office building, car museum and design center. Shanghai's Jiading district has 236 auto parts manufacturers, 29 auto companies on the Fortune Global 500, and around 70 auto R&D centers.

- Buyers of new-energy vehicles will get license plates without having to apply through the usual lottery system which is implemented in some cities. China will also encourage local governments, public institutions and bus companies to use more new-energy vehicles, the Chinese government announced following a meeting chaired by Premier Li Keqiang.

## **FINANCE**

### **SAFE backs Tobin-tax**

Yi Gang, Deputy Governor of the People's Bank of China (PBOC) and Director of the State Administration of Foreign Exchange (SAFE), has suggested imposing a so-called Tobin tax to curb excessive speculation in the yuan. SAFE plans to strengthen regulation of currency trades and money flows, as it hopes the yuan will be included in the basket of reserve currencies of the special drawing rights (SDR) of the International Monetary Fund (IMF). Yi suggested punitive measures such as a Tobin tax, a small levy on currency transactions to deter currency speculators, to stem hot money flows. The Tobin tax was first proposed by Nobel Laureate Economist James Tobin in 1972 to promote currency stability after then-U.S. President Richard Nixon decided to abandon the U.S. dollar's peg to gold. "The central bank wants to reassure global financial investors that the stability of the yuan is still its top priority," Bank of Communications Analyst Liu Xuezhi said. "Technically, a weaker yuan could boost China's exports but it could largely slow down the process of the yuan's inclusion in the SDR and lead to huge capital outflows." It is estimated that more than USD1 trillion of global reserves would be converted to yuan assets if the Chinese currency were included in the currency basket. It was the second time in a year that Yi had raised the idea of a Tobin tax. He also proposed the levy last year when the yuan was strengthening, leading to capital flight, the South China Morning Post reports.

- The China Insurance Regulatory Commission (CIRC) fully liberalized the pricing mechanism for life insurance products, aiming to encourage more market-driven competition among insurers. The new policy, implemented from October 1, allows insurers to set up their own interest rate for dividend-paying life insurance products, which previously was capped by the regulator at around 2.5%.
- The State Administration of Foreign Exchange (SAFE) has imposed an annual cap on overseas cash withdrawals for UnionPay cardholders of CNY100,000 or its equivalent per card, effective next year. The new rules are in addition to the CNY10,000 equivalent daily cap per UnionPay cardholder. Between October 1 and December 31 this year, overseas withdrawal is limited to CNY50,000. SAFE said the measures were aimed to rein in potential money-laundering activities.
- China's insurance companies posted a 19.5% jump year-on-year in gross premium income totaling CNY1.7 trillion in the first eight months of the year. Life insurance

income surged 23.9% to CNY1.15 trillion in the January-August period, while that for non-life insurance such as property and casualty grew 11.4% to CNY554.6 billion. Total insurance assets grew 11% from the start of the year to CNY11.3 trillion.

## FOREIGN INVESTMENT

### EU looking for Chinese investments in infrastructure

The European Union is seeking Chinese investors to work with the European Fund for Strategic Investments (EFSI) to co-finance energy and digital infrastructure in the EU. Chinese investors are welcome to co-invest in projects, or create separate joint platforms dedicated to a specific sector, such as infrastructure. The EFSI is a fund created under the European Investment Bank (EIB) to finance small and medium-sized enterprises and infrastructure projects, with risks higher than normal EIB investments. The EFSI is part of the Investment Plan for Europe, which is quite complementary with China's Belt and Road Initiative.

### China and EU discuss new investment treaty

Chinese and European Union leaders discussed a new investment treaty at the fifth China-EU High Level Economic and Trade Dialogue, co-chaired by European Commission Vice President Jyrki Katainen and Chinese Vice Premier Ma Kai. Both parties will aim to finalize a draft of the agreement by the end of this year. "The economy and trade should be at the heart of the EU-China relationship. I'm convinced there is potential to deepen this relationship," said Vice President Katainen. The two sides discussed integrating the Belt and Road network with the Investment Plan for Europe and establishing a China-EU joint investment fund. The Belt and Road initiative was proposed by Chinese President Xi Jinping in 2013 with the aim of reviving the ancient trade route between Asia and Europe. The Investment Plan for Europe is initiated by European Commission President Jean-Claude Juncker to boost the European economy. China is the first non-EU country to announce a contribution to the plan, according to the Commission.

- Two major Chinese companies made a big push to step up their presence and investments in the United States on the sidelines of a meeting between executives from both nations on September 23 in Redmond, Washington. Chinese auto parts maker Wanxiang Group said it will make greater investments in the U.S., especially in clean energy, while Didi Kuaidi agreed to invest USD100 million in ride-sharing transportation company Lyft. A "shared software service" will allow Didi Kuaidi users to use Lyft's service in the U.S. and vice versa.
- The number of sectors that China restricted from foreign investment was cut from 79 to 38, while more than 95% of projects invested in by foreign capital require only registration, instead of approval, according to the National Development and Reform Commission (NDRC).
- The Ministry of Commerce (MOFCOM) has fined several companies for conducting business with their Chinese partners without government approval. Bombardier was fined CNY150,000 for setting up a CNY125 million joint venture with CSR Nanjing Puzhen before obtaining government approval. Microsoft signed an agreement with Shanghai Oriental Pearl Media Co in September 2013 to set up a joint venture in the China (Shanghai) Pilot Free Trade Zone without government approval. They were fined CNY200,000.
- The exodus of factories moving out of China in search of lower-cost options in southeast and central Asia is accelerating. Few industries have been spared, with rising Chinese labor rates cited as a major concern. Companies which relocated facilities from China to lower-cost countries include Japan's Panasonic Corp, Taiwan's Foxconn, and South Korea's Samsung Electronics. In a survey conducted by the U.S. Fashion Industry Association, China scored the lowest among 27 destinations in terms of the tendency of U.S. fashion brands to increase sourcing in the next two years.

## MACRO-ECONOMY

### Profits of industrial companies drop more than expected

The profits of China's industrial companies fell more than expected in August, dropping 8.8% from a year earlier to CNY448.1 billion, compared with the loss of 2.9% in July and June's 0.3%, according to the National Bureau of Statistics (NBS). There was brief expansion of 0.6% in May. In the first eight months, manufacturing companies' profits totaled CNY3.76 trillion, down 1.9% year-on-year. The January-July period saw a decrease of 1%. NBS researcher He Ping said production costs were rising faster than sales, insufficient demand led to low prices, and the movement of exchange rates were behind the deceleration. However, China's economic performance showed signs of stabilization in August with key activity data, including industrial production and retail sales, growing at a slightly faster pace after months of slowdown. Industrial production expanded 6.1% in August, 0.1 percentage points more than in July. Other indicators showed more weakness ahead. The Caixin Flash China General Manufacturing Purchasing Managers' Index (PMI) focused on private and export-oriented firms, retreated to 47 in September, a 78-month low. August's final reading was 47.3, below the demarcation line of 50 for the seventh month. The Producer Price Index (PPI) fell 5.9% in August, marking 42 months of decline. In the first eight months, foreign-funded enterprises and those from Hong Kong, Macao and Taiwan performed the best with profits growing 0.7% to CNY931.3 billion, while state-owned industrial enterprises turned in CNY756.4 billion in profits, a fall of 24.7% from a year ago, the Shanghai Daily reports.

### China's factory activity plummets to lowest level since March 2009

Factory activity in China fell to a more than six-year low last month while growth in the once-resilient services sector came close to stalling, private surveys showed, fueling fears that China's economy may be slowing more sharply than expected. The official Purchasing Managers' Index (PMI) inched up to 49.8 in September from the previous month's 49.7, according to the National Bureau of Statistics (NBS). Meanwhile, Markit said that the September 23 flash release was the last such advance report it would issue. The final reading of the monthly PMI would continue to be released on the first business day of the following month. Markit will still publish flash PMI readings for other countries. The company declined to comment on the move. China has two manufacturing PMIs, one from Markit and one published by the NBS. The official version typically shows a stronger reading and is based on responses from 3,000 businesses. The Markit one surveys more than 420 firms, including smaller and medium-sized enterprises (SMEs). The latest figures suggest the Chinese government will have to roll out even more stimulus measures soon to avert a sharper slowdown.

- During the first six months of the year, 26 out of the 55 listed steel companies reported a loss, with the total losses reaching CNY10.69 billion, according to Wang Guoqing, Director at the Lange Steel Research Center.
- China's electricity consumption, an important indicator of economic activity, rose slowly in the first eight months of this year, up 1% year-on-year to 3.68 trillion kilowatt-hours, the China Electricity Council said. In the first eight months, electricity use by primary industry climbed 2.3% from a year earlier. Power consumption by secondary industry went down 0.7%, while tertiary industry posted a 7.5% increase amid economic restructuring. Meanwhile, residential power consumption grew 4.3% year-on-year.

## MERGERS & ACQUISITIONS

### Anbang hopes to acquire Fidelity & Guaranty Life

Anbang Insurance Group, the Chinese financial conglomerate that bought New York's Waldorf Astoria hotel, is in the lead to acquire the U.S. annuities and life insurance business, Fidelity & Guaranty Life. Privately held Anbang, based in Beijing, has so far prevailed over other bidders, including private equity firms, in the auction for Fidelity & Guaranty Life, but there was no certainty that the negotiations would result in a deal. HRG Group, a financial interests holding company backed by Leucadia National Corp, which was previously controlled by hedge fund manager Philip Falcone, owns an 80.6% stake in Fidelity & Guaranty Life. If Anbang clinches

the deal, it would be its first acquisition of a U.S. competitor. Anbang has also been acquiring assets in other sectors. In another acquisition, the bankrupt New York Military Academy was sold for USD15.8 million to the non-profit Research Center on Natural Conservation, backed by China-based SouFun Holdings, which runs a real estate information website. China Life Insurance and Ping An Insurance, China's two largest insurance companies, recently also agreed to take a majority stake in a USD500 million mixed-use property project in Boston, developed by American realty company Tishman Speyer.

## REAL ESTATE

### Dalian Wanda not interested in British cinema chain

Chinese property-to-cinema conglomerate Dalian Wanda Group announced it has no interest in buying British cinema chain Odeon, currently owned by private equity firm Terra Firma. "No individual from Wanda Group has ever been in contact with Odeon, nor has any individual or third party organization been appointed on behalf of the Wanda Group to engage in contact with Odeon regarding any matters related to the acquisition of the cinema chain," the company said.

## ADVERTISEMENT

### ChinAccess: Professional Interpreting & Translation Services (EN/NL/CN)



The image shows a promotional graphic for ChinAccess. It features the company name 'ChinAccess' in a stylized green and red font on an orange background. Below the name, it states 'Professional Interpreting & Translation Services (EN/NL/CN)'. At the bottom, on a green background, it lists the contact person 'Ms. Hong DING', a mobile number '+32 497 448029', and an email address 'hd.ChinAccess@gmail.com'.

To translate or to interpret is more than to render a text or a speech from one language to another. A professional translator needs also to convey the essential meaning and spirit of a text or a speaker. Except for language fluency, experience in interpreting and translation, good understanding of both cultures, various background knowledge, and quick reflexes are the fundamental skills for a professional translator. For over 2 decades of experience in interpreting and translation in various fields of business and commerce, ChinAccess has succeeded to integrate these skills into the interpreting and translation techniques. The motto of ChinAccess is to strive for quality and trustworthiness.

## RETAIL

### ZTE and Huawei promoting their own brands in U.S.

China's ZTE is already the fourth largest smartphone vendor in the U.S., with a nearly 8% market share, according to consultancy firm Strategy Analytics, but few American consumers have heard about the brand because many Chinese manufacturers provide their products to major mobile network operators including AT&T and Verizon without promoting their own brands. But ZTE's and Huawei's strategy is now shifting from a B2B to a B2C model.

- Uniqlo plans to open 100 stores a year in China, potentially reaching as many as 3,000 outlets as it competes with Hennes & Mauritz's H&M and Inditex's Zara to win over consumers in China. The Japanese retailer has just opened a Disney-themed floor at one of its Shanghai stores. Uniqlo has about 360 stores on the Chinese mainland, the most by country outside Japan, where it has almost 850 shops.

## SCIENCE & TECHNOLOGY

### Some science projects turn to “tofu”

The term “tofu projects” was coined years ago by then Premier Zhu Rongji to describe poorly built infrastructure that could prove deadly. One scientific project that has come especially under the spotlight is the “Special Water Programme” – China’s largest ever scientific research fund, launched in 2009 with a pledge of CNY34 billion over an 11-year period to find technological solutions to clean up six major rivers and lakes. Last month, an inspection found that fake and disreputable research projects had been claiming money from the fund. The Ministry of Environmental Protection (MEP) launched a subsequent investigation, and found several research institutes, an environmental company and an accounting firm were involved in cheating or squandering research funds. Funding approval was given for plagiarized research and to projects not eligible for sponsorship. Last year, Chen Yingxiu, former Vice President of Zhejiang University, was sentenced to 10 years in prison for embezzling CNY9.45 million from the fund.

## STOCK MARKETS

### Profits under pressure at listed companies

Listed companies are likely to see their profits squeezed further in the second half of the year due to possibly rising commodity prices and a lukewarm stock market. “Higher investment returns and increasing fiscal subsidies have helped listed companies to slow a decline in profits in the first half of the year, but it’s not sustainable,” the Institute of Finance and Banking of the Chinese Academy of Social Sciences (CASS) said in a report. “It’s unlikely for companies to reverse a downward trend in revenue amid an economic downturn, while an expected uptick in commodity prices in the second half may increase their operating costs and a cooling stock market will cut their investment returns,” the report added. In the first six months of the year, listed companies reported a total gross profit of CNY684.4 billion, down 2.9% year-on-year. Profits from their core business, meanwhile, decreased 10.9% to CNY531.8 billion as revenue shrank while management fees and tax payments rose. A robust stock market in the first half of the year helped to narrow the decline as profits from investment surged 35% year-on-year to CNY131.9 billion. The analysis was based on first-half financial figures of 2,400 non-financial companies listed on the Shanghai and Shenzhen stock exchanges before 2010. Main board-listed companies, mainly large-sized entities in traditional sectors, posted a 6.6% year-on-year decline in first-half revenue, while that of small and medium enterprises rose 6.7% and companies on the startup board ChiNext saw a 24.4% increase in revenue, the Shanghai Daily reports.

- The Chinese billionaire who is using his personal fortune to help fund a USD50 billion alternative to the Panama Canal in Nicaragua has seen his net worth tumble following the equity market slump. Telecommunications entrepreneur Wang Jing, 42, was listed among the world’s 200 richest people with a net worth of USD10.2 billion at the peak of the Chinese markets in June, according to the Bloomberg Billionaires Index, but his net worth has since fallen by 84% to only USD1.1 billion.
- The Chinese government’s intervention to calm the stock market could help narrow the income gap by stabilizing share prices, the Guangming Daily newspaper said. “The intervention can prevent a financial crisis as a result of mounting vulnerabilities in the market and prevent people from losing confidence in financial authorities,” it said. Measures included asking companies to buy their own shares, encouraging executives to do the same, and suspending initial public offerings (IPOs).

## TRAVEL

### Beijing to build 12 new subway lines

Beijing will construct 12 subway lines in the coming five years as part of nationwide efforts to support growth as China’s economy slows down. The Beijing Rail Transportation Construction Plan (2014-2020), which calls for six new subway lines and extensions to six existing ones, has been officially approved by the National Development and Reform Commission (NDRC). Beijing was one of the three cities approved by the Commission to continue with their subway

construction plans, with a total investment of CNY465 billion. The projects in Beijing are estimated to cost CNY212 billion. Eight subway projects in Tianjin will need CNY179 billion while CNY7.3 billion is budgeted for seven projects in Shenzhen. One of the new lines in Beijing, the Pinggu Line, will be part of a greater 1,000 km express rail network announced earlier this year linking Beijing with Tianjin and surrounding Hebei province. Some 22 km of the 72 km Pinggu line will pass through Sanhe city in Hebei, reducing commuting time for residents who work in the capital. When the 12 lines are completed by 2020, the capital will boast 27 subway lines totaling just under 1,000 km.

- Tianjin airport will build another six off-site check-in lounges by the end of this year in Tianjin and Beijing; Tangshan and Qinhuangdao in Hebei province; as well as one in Dezhou, Shandong province. Shijiazhuang airport, the largest in Hebei province, has also set up 11 off-site departure stations, including one at Beijing West Railway Station.
- Chinese airlines cancelled flights to and from Nepal citing fuel shortages as supply routes from India – the Himalayan nation’s main partner – stay blocked amid escalating civil strife. China Southern Airlines halted ticketing for October 1-10 and China Eastern Airlines is offering free rescheduling or cancellations through October 24 after Kathmandu airport told the carriers it can’t provide fuel.
- Chinese outbound tourism remains robust despite the yuan depreciation and stock market turmoil. Leading online travel firm Ctrip said overseas bookings for the October 1 “Golden Week” holiday had been very strong, especially long-distance trips to Europe, Australia and the United States. Ctrip expects its outbound tour bookings to double this holiday, while long-distance tours will be up by half. Hong Kong, Tokyo and Bangkok remain the top three destinations for Chinese vacationers, but Rome, Washington, Paris, Sydney and New York are also popular.
- Negotiations are underway between Indonesian and Chinese consortiums to build a high-speed railway linking Jakarta and Bandung, capital of West Java province, according to Rini Soemarno, Indonesia’s Minister for State-owned Enterprises. The consortiums are expected to reach an agreement about the joint venture later this month. No government money will be used to finance the project, which is expected to be completed within three years, and will cost about USD5.5 billion.

## VIP VISITS

### President Xi promotes South-South cooperation at UN

President Xi Jinping – during his visit to the United Nations (UN) headquarters in New York – announced China’s participation in 600 new projects that aim to help developing countries on trade, poverty reduction and other areas, saying that China remains “as committed as ever” to South-South cooperation. In the next five years, China will initiate 100 each of new poverty-reduction projects; agricultural projects; trade projects; projects on ecological preservation and climate change; new hospitals and clinics; and schools and vocational training centers, Xi said. China will set up a South-South Cooperation and Development Academy and offer USD2 million in cash assistance to the World Health Organization (WHO), in addition to training half a million technical personnel from developing countries. President Xi said that South-South cooperation should deliver practical results rather than “just being empty talk”. Projects should help create better economic, social and environmental impact for the benefit of the general public, he said. China contributes more than USD4 billion a year toward South-South cooperation.

### Hopes high for France’s EDF to finalize nuclear reactors deal

French utility EDF hopes to sign a commercial agreement with its Chinese partners to build two nuclear reactors in Hinkley Point, Britain in October, but a final investment decision on the project could take a few more weeks or months. Chinese President Xi Jinping’s planned October 20-23 visit to Britain would provide a window of opportunity for EDF to finalize commercial agreements with its partners, Chinese utilities CGN and CNNC. The GBP16 billion project to build two Areva-designed EPR reactors was announced in October 2013, but financial problems at Areva and long delays at two EPR reactors under construction in France

and Finland have delayed the British project. An EDF representative said the company hoped its Chinese partners would use the occasion of the Chinese President's visit to reach an agreement and it had asked its Chinese partners to take a 40% stake in the project.

## ONE-LINE NEWS

- The European Union has signed a key agreement with China on fifth-generation telecommunications (5G) at the China-EU High Level Economic and Trade Dialogue in Beijing. "It's a crucial step in making 5G a success by 2020," said Gunther Oettinger, EU Commissioner for the digital economy and society.
- Two managers of the China Road and Bridge Corp building a railway in East Africa have been fined after admitting bribery in a court in Kenya. Both pleaded guilty last month to offering and paying bribes to Kenyan highway representatives.
- At least 50 people died in a September 18 attack on the Sogan coal mine in Aksu, Xinjiang. Police have blamed the attack on knife-wielding separatists.
- Xi Xiaoming, 61, former Vice President of the Supreme People's Court (SPC), has been expelled from the Chinese Communist Party (CCP) and removed from public office for serious disciplinary and legal violations. The Central Commission for Discipline Inspection (CCDI) said he was "disloyal and dishonest," and accused him of breaching Party principles by covering up his personal affairs and failing to adhere to the rule of law.
- China's postal service has ordered tighter checks on packages after the explosion of 18 mail bombs that killed 11 people and injured 51 in the county of Liucheng in Guangxi. Mail carriers and overnight delivery services must conduct additional checks for explosives, dangerous chemicals, weapons, gunpowder and poisons, the State Post Bureau said.
- Jean Liu, one of China's most successful young businesswomen, is being treated for breast cancer. Liu, 37, is President of Didi Kuaidi, China's leading taxi-hailing app, and is the daughter of Lenovo's founding Chairman, Liu Chuanzhi. Liu said she chose to make her disease public because she would be working at home for some time during her treatment and recovery.

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**Contact:**

Flanders-China Chamber of Commerce

Offices: Ajuinlei 1, B-9000 Gent – Belgium

New telephone and fax numbers: Tel.: +32/9/269.52.46 – Fax: ++32/9/269.52.99

Registered office: Zenith Building, Koning Albert-II laan 37, 1030 Brussels

E-mail: [info@flanders-china.be](mailto:info@flanders-china.be)

Website: [www.flanders-china.be](http://www.flanders-china.be)

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The FCCC Newsletters are edited by Michel Lens, who is based in Beijing and can be contacted by e-mail [michel.jc.lens@gmail.com](mailto:michel.jc.lens@gmail.com). Disclaimer: the views expressed in this newsletter are not necessarily those of the FCCC or its Board of Directors.